

Audit and Finance Committee Meeting Transcript - 09/27/2017

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>> Tovo: Thank you all for being here. Apologies for starting late. We need to wait for one more council member. We're waiting for one committee member because we don't yet have a quorum.

[9:42:40 AM]

>> Tovo: Good morning. We now have a quorum and can get started. Mayor pro tem Kathie Tovo, vice chair of this committee. Councilmember Troxclair is not here today. I'm going to be running the meeting in her absence. The first thing we're going to do is approve the minutes of last month's meeting, so committee members, if you can glance at those, please, and I'd entertain a motion to accept them. Councilmember Troxclair -- I mean Councilmember Pool, apologize, moves approval. Mayor Adler seconds it. All those in favor? That is unanimous on the dais. Our next item is citizens communications and we do have one speaker signed up to address us. Walter, welcome. You have three minutes. >> I'm Walter Moral, the director of foundation communities. I want to address one story. When we built Bluebonnet attitudes, we had great neighborhood support from the South Lamar neighborhood association. Our adjacent neighbor didn't like the project. He evened small 20-unit apartment complex. After our site plan was approved on the last day, he hand-wrote a complaint with 20 different items, fence, dumpster. We weren't congregating living. It was a litany of stuff. A couple of those items were deemed to possibly be valid appeals to the board of adjustments. I'd never been through that process before. State law required that we stop construction. So we had to wait three weeks until the next board of adjustments meeting. That meant demobilizing all the bulldozers and heavy equipment on the site. It was about a \$30,000 change order. He lost at board of adjustments unanimously. He appealed. We were able to keep construction going during the appeal. He lost unanimously on appeal. Took us to

district court, and lost in district court. I share that story because, you know, he was willing to pay whatever it was, the \$500 fee to

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take us through this process. He had the time, he had the money. In my opinion, it was frivolous. The state rules on board of adjustment are really already very strict and really severe. My fear is that if you waive the fees, or you don't even consider increasing the fees to be reasonable, you are almost weaponizing the nimble folks out there that can do whatever they can to stop us for whatever reasons they've got. That's just one story, and I wanted to really share that perspective from our situation and what happened to us, so ... Thank you. >> Tovo: Thank you, Mr. Morrow. I was aware of some of that history, but not all of it. I'm personally very happy that you did. So that actually relates to item number 4 on our agenda -- no, 5, sorry. Thank you. Anybody else who would like to address the board, I mean our committee, on citizens communications? Okay. So we're going to change the agenda a little bit because we have community members here for that item, item 5, we're going to take that one up first, and that item is to waive or reduce or refund the board of adjustment interpretation appeal application fees, and though your agenda notes William Burkhardt as chair of the boa frequent that, it will actually be a presentation from Brian. >> Good morning. My name is Brian king. I serve on the board of adjustment, have for the last eleven years. William sends his apologies this morning. He's under the weather, running a fever, and thought it best not to bring his germs down and share it with the group. The proposal this morning is something that was passed by the board on a 10-1 vote that we do

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look at waiving fees for an interpretation case, and we do that for neighborhood associations or non-profits or those people that are listed in the community registry. It's become quite a high barrier, since I started on the board, the fee was about \$365. And to date it's gone up close to \$3,000 before you exhaust all remedies. The case the previous speaker spoke to as an individual that did that, and of course if you do want to go through and take it to a district court, you've got to go through the regular fee, then you've got to do reconsideration also, which is another notification fee. What we're looking at is waiving that fee because it's such a high barrier for neighborhood associations, an entire year's budget for many neighborhood associations, and anecdotally, after I started this idea of waiving fees, my neighborhood actually had a case on single-family attached, and we had to go do fund-raising to get enough money to file for the appeal. And we got five other neighborhoods to chip in to get there, and it was a difficult high bar. As you know, the board of adjustments is a super majority board, so although we won our case on a vote of 9-3, we lost because it was super majority, so we failed. But we wound up

spending \$3,000 to pursue that. So the idea is not a free pass, but go ahead and have a neighborhood pay the notification fee, which is about 500 and 80 some-odd dollars, \$582 or so. It's not a free pass. You've got to pony up some money. You go through the appeal process without a fee for the actual hearing. If you prevail, your fee is returned to you. If you don't prevail, it's cost you roughly \$600 to go through this process. The thought there is that there shouldn't be a fee or a charge if a neighborhood does prevail and corrects an incorrect city interpretation. If it's overturned, modified, or clarified, because it was

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unclear, it doesn't seem like a neighborhood should be penalized to have to pay that kind of money, actually kind of a poll tax, to get in front of the board of adjustment. So I've heard from numerous neighborhood associations in and around my area that have actually not done neighborhood -- not done code appeals because of that barrier. So the idea is to get it to where you can have an appeal, not have to pay a poll tax, but still not get a free ride, still put your \$582 -- which is actually much more than the fee was when we started out. And so that's the thought. And I did have some -- I don't know if it's in your backup, the agenda page that we passed at the boa. And I asked Mary to come along because she's had as much experience as I have. She's the current president. I'm a past president of the Austin neighborhood association. And this is something that we've heard over and over again. As far as fiscal impact, I don't -- it's de minimis. The number on one of the pages I sent were the number of cases that we've seen over the last few years on code interpretations, and those are total cases. Those are not ones brought forth by a neighborhood association. My recollection is less than 50% of those, and as you can see over the past -- back to 2012, there's two, six, seven -- eight cases. So budgetwise, it's really de minimis to city budget, but to a neighborhood association, it's monumental. So that's where we are. Mary, did you have some -- >> Tovo: Thank you. I'll recognize our next speaker in just a minute, Mr. King. Does anybody have any questions for our presenter first? Okay. So now we'll go to our speakers.

[9:50:43 AM]

Mary Engle, welcome. You've got three minutes. >> Pool: Turn it to the side. You can see when the red light is on, up at the top. >> Good morning. My name is Mary Engle and I'm president of the Austin neighborhoods council and I'm invoking executive privilege to speak about neighborhoods. Waiving this fee would be a very good idea. I've spoken with Rodney Gonzales informally. I don't want to speak for him, but he's actually -- was supportive of this because often neighborhoods, as Brian said, don't have the resources to pursue interpretations or reconsiderations at the board of adjustment. My old neighborhood, we did this recently, about a historic property and the interpretation of what constitutes

a landmark, and it seems that sometimes staff interpretations vary from case to case. So historic landmark could be the structure or it could be the whole property. So it just depends, and that's -- you know, this is a specific example of why one might need to go to the board of adjustment because of these interpretation issues that aren't sometimes consistent in the city. So I would really ask you to consider waiving these fees for people who can't really afford this and they don't have resources, and that would apply to most neighborhoods, if not all. Thank you. >> Tovo: Thank you, Ms. Engle. >> If I could make one more clarification again, this would be neighborhood groups that go through a process that have critical mass, their neighborhood association meetings to vote in favor of putting forth money wouldn't be for an individual, a

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disgruntled neighborhood, it wouldn't be a walk in the park, it's a matter that needs to be challenged, so that even raises the bar a little bit more and doesn't allow a free pass for anybody that wants to run through it. >> Tovo: Mr. King, I'm looking at the language that would restrict it to community groups. Is there such language? >> We debated that somewhat at the board when we voted on it, and what we've kind of crystallized around was those groups listed in the community registry. I mean, that's the only way we could -- there's no official designation of what a neighborhood group is, but if you register in the city, then you've got to have boundaries, you've got to have officers, you've got to have some semblance of an organization. >> Tovo: I just wanted to make sure we wouldn't be allowing individuals, there may be one or two within the community register, but none of them are groups. Super duper neighborhood, whatever, I forget the name of that organization. It's probably an individual. Councilmember pool. >> Pool: Thanks. So in the case that Mr. Morrow brought to us, that one neighbor who wasn't happy with what was happening in his property -- >> It was my neighborhood and the neighborhood did vote to support it, but an individual that lived next to it was the one that pursued the interpretation and reconsideration and I didn't even know that he took it to district court until now. >> Pool: Oh. Okay. All right. So if that -- >> If that individual would come to the neighborhood association, made his case, there was a vote supporting it, then the neighborhood would go forward with that. >> Pool: Uh-huh. >> And look for a fee waiver. >> Pool: Right. >> Not in that case. >> Pool: All right. Have you all talked, the three of you with Mr. Morrow? Maybe that would be helpful, too, to kind of get a sense of how we could come to some kind of an understanding of how we would have the proper outcomes and not inadvertently

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disadvantage the neighborhoods because of the fee, but I see that there was also a financial feedback -- there was also a financial impact on foundation communities that, given time that that request was made. He talked about his bulldozers, for example. >> Tovo: Councilmember, that individual wouldn't have been eligible for a fee waiver. >> Pool: Right. Okay. I have another question. I'm looking at the heritage neighborhood association letter from Gregg Popovich's plat, and the bottom paragraph talks about the heritage neighborhood had filed an appeal to a building permit. They were registered as an interested party, but were not identified when the permit was issued, then staff came back and said, I'm sorry you weren't notified, but we can't make any exceptions. >> That's kind of a whole different issue from what we were talking about this morning. >> Pool: Right. >> That was a notification issue, and apparently there was no appeal of, if you passed the deadline, and this is a complete aside to what we're talking about now, but I've always had an issue with notification, that unless you say the magic words that "I'm an interested party" and you register as an interested party, didn't know enough to register as an interested party, you don't get notification. >> Pool: Well, sounds like in this case they had done all those things correctly but they still didn't get the notification. >> They had a 20-day versus calendar versus business days. >> Pool: Right. >> And that mixed into it, but that's a total different issue from what we're -- >> Pool: Well, this is also of concern as well, though. >> Yes. >> Pool: So if there are ways that -- anyway, I think we need to address those, too. Ms. Engle, were you going to say something? >> Well, it's just another example of, we have to stay on top of these processes because, you know, staff makes mistakes. And neighborhoods make mistakes. So the more we can do to help out and, you know, this fee waiver is one of those ways of doing that. I think that we can, you know, kind of get things to be working

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properly. This 20-day problem, you know, filing a case with -- if you're registered as an interested party, not all neighborhoods know about this. And not all of them know that they have a specific time limit to act. So it's just -- we have to get information out there so that we can avoid these issues, you know, these things happening, so people feel that our processes are fair. >> Pool: I know in the codenext conversation we're looking at changing days to business days, which actually extends the amount of time, and I don't know if that is also a change that is being contemplated for the boards and commissions timelines, but we need to be consistent, I think, across the board on how we interpret the word "Day," that 24-hour period. My understanding is, it seems to me the better way the approach it is workdays, business days, Monday through Friday days. >> Tovo: If I could, we're not posted to have that discussion and it does sound like an issue that needs some attention, but as Mr. King says, it's not the issue before us today. So if we could focus back on the question that is before us today, which is the fee waiver, anybody have any other questions for either of our speakers? Okay. I will entertain a motion on this item. Councilmember Pool moves to approve this item. Is there a second for that? >> Mayor Adler: I would second that, but I want to know exactly what I'm seconding here. So it goes back to the question that you had in terms of the wording. So I'm -- the materials speak to -- that are attached, speak to -- I'm

just trying to find the wording for what it is that's being proposed. The interpretation case 5 modification fee that was attached speaks to creating a burden for the average citizen or citizen groups, so I'm missing where the language is that the board of adjustment

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said actually was ... >> Tovo: So let's see. It looks to me -- oh, sorry, mayor. >> Mayor Adler: Okay. I'm not sure what the motion is. >> Pool: So my motion is to allow the audit and finance committee to support the request to waive or reduce or refund board of adjustment interpretation appeal application fees that would then move it forward to city council. I'd be happy to engage in additional conversation before it gets to city council, but to move it out of audit and finance, we need to take some action. >> Tovo: But was it for community groups registered in the community registry? >> Pool: Yes. >> Mayor Adler: I second that. >> We should clean up language before it comes to council and include that portion? >> Mayor Adler: Right. >> Okay. >> Mayor Adler: Because the attachment speaks to the average citizen. It doesn't speak to a smaller segment of the population. >> Right. >> Mayor Adler: And there's a lot of discussion, as opposed to, this is the specific concrete action that we're recommending. >> As I mentioned, this was the working document we took to the board when we voted on it, and we did have discussion at that meeting regarding the community registry, and that was added or discussed. The vote was including that, and that didn't make it into the worksheet that came to you, so we will clean that up and bring it to you. >> Mayor Adler: So I would also assume that the fees that are being charged, instead of the \$500, it's the \$2,300 or whatever the fee is now, whatever it's grown to, are set to correspond to what the actual cost is to the city of bringing these things. So there's an actual cost that, by waiving the fee, we're not picking up generally, we're trying to make it so that people avail themselves of services are paying for the actual cost of those services. In this case, we're talking

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about two cases a year, so I think you're absolutely right, it's de minimis. >> De minimis amount of the cases we have. If we have 13 to 15 cases a month, and this was maybe one, or possibly two a year, on code interpretations, which is a different item. That's why it's ... >> Tovo: So if I could, the other piece that the motion doesn't currently capture is when those would be waived, reduced, or refunded, and it is only in cases, as I understand it, the intent is only in those cases where the community group resurveillance. --Prevails. >> That is correct. >> Tovo: I think that should be added. >> If the group brings an appeal forward and is not overturned, the bill is on that. >> Tovo: So, councilmember, I would also say, the language is to waive, reduce, or refund, it sounds like to me we've only discussed the option of refunding, so you might also refine your motion in that way. >> Pool: All right. So then I would move to

allow a refund of board of adjustment fees. >> Mayor Adler: To a revealing -- >> Tovo: For groups identified in the community registry. >> Pool: Included in the community registry, on interpretation appeals application fees only when that party prevails in its appeal. >> Actually, the way it's worded there is that the fee is waived. They pay the notification fee of roughly \$600, and if they prevail, they get even that back, and if they don't, they lose the 600. So the out of pocket for taking

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an appeal forward and illusion would be the \$600. Not the \$3,000. >> Pool: This says application fee. Is that not the application fee that you're talking about? >> The application fee is the 23, \$2,400. >> Pool: All right. >> That one is waived entirely for a community registry group making a code interpretation appeal, but to get in the front door, their dance ticket is \$600 to get in. Then if they eventually overturn staff and staff was wrong, and the board of adjustments corrects that modifies it, or clarifies it, then even that \$600 would be refunded. The citizen should not have to pay to correct an incorrect interpretation. >> Pool: So would it be any fees related to -- >> Fee and waiver -- fee and notification would be refunded. If you don't prevail, notification fee is gone regardless, because that's a hard cost. We're going to be down there doing cases anyway, but the hard cost is the \$600, sending out notices, putting a sign in the yard. That's spent. >> Pool: I feel like I ought to go back to the original waiver. >> Tovo: I agree. I made a change that wasn't helpful. >> Pool: Okay. >> Tovo: Okay. So to restate the motion, it is to waive or reduce or refund board of adjustment interpretation appeal application fees -- >> Pool: Where it applies to -- where the appellant is a community group that is included in the city's registry, and only when that appellant prevails in its appeal. >> Tovo: The notification piece. >> Mayor Adler: It's to waive fees other than notification for organizations or entities that are in the registry and to -- further, to reimburse such entities for the notification fee they paid if they prevail. I think you need those two concepts. >> I'm sorry, mayor, I'm having a real hard time hearing you. >> Mayor Adler: I'm sorry. What it was, it waives fees

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other than the notification fee. >> Yes. >> Mayor Adler: On interpretation cases for entities in the registry. And it further would reimburse such a prevailing organization -- >> Correct. >> Mayor Adler: Such an organization, its notification fee, if it prevails. >> That's correct. Yeah. >> Tovo: Yes. So, mayor, I think the language you offered two comments ago works well. Are you content with that? >> Pool: I'm completely fine. I'm trying to read our guests here to make sure that the intention is what they're looking for as well. >> Mayor Adler: And make sure there's no unanticipated consequences, I would also ask that the board of adjustment just let us know a year from now -- >> Okay. >> Mayor Adler: -- Is to

whether or not the numbers changed or it still presented problems, but to report back to us in a year as to what the impact was. >> Okay. >> Tovo: Yeah. I agree. That's good. And thank you all. All three of you for coming down to talk about this issue. I think that's a good balance. All right. All those in favor? And that is unanimous on the dais. So we'll go now to the rest of our agenda, which we're going to start just by way of notification, we're going to go through beginning at 3, but we are moving number 4 down to the last item. And that's the draft audit plan. So we're going to start with our presentation from staff. I just want to note we have no citizens signed up on this issue. I see several of you in the audience who I know came down for this issue, so if you wanted to speak after the presentation, please go ahead and sign up. >> Lien Carter, city attorney's office. I'm here on item 3, which is the city attorney's report on enforcement of the lobbyist regulations. In September of last year, council approved an ordinance

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overhauling the lobbyist requirements, and we've been working diligently with the city clerk's office on the roll-out of that ordinance. The city clerk's office has developed several forms, frequently asked questions, well detailed website. There's a sign-in sheet that's been provided for elected and appointed officials, as well as departments. We've trained staff, as well as boards and commissions, and held stakeholder trainings with lobbyists. Under the amended ordinance, the city attorney is required to make both an oral report in open session, as well as a public written report. And that's what we're here for today. There is no action on your part required. The lobbyist ordinance was effective June 1st of this year, and there's been one quarterly report since then. The deadline for that was July 10th. Before you is the -- a summary of information from the clerk's office related to registrations, that quarterly report, and payment of late fees. So that is the table on the first page and the first quarter of the back page of the report. The second table is the information the code requires the city attorney to report on. And since the ordinance has only been in effect since June 1st, there has been no enforcement since then. There have been no referrals or complaints in regard to the lobbying ordinance. I'd be happy to answer any questions. >> Tovo: Thank you, Ms. Carter. Any questions? Councilmember pool. >> Pool: Remind me what our enforcement mechanisms are. >> The enforce -- the late fee penalties are automatic. There's strict liability. They're civil, not penal in nature. And then the enforcement beyond that is that the penalty is a

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criminal class C misdemeanor. The ethics review commission can have a preliminary hearing, but is restricted under the terms of the ordinance from having a final hearing on that. So complaints would have to be filed with the municipal -- with the municipal court to go forward through the municipal

prosecutor's office. >> Pool: So the city itself doesn't have a process to bring these to the ethics commission for review? It has to be an external complaint. >> No, that's -- the ethics review commission can consider a complaint. And they have an option of making a complaint that would be carried through by the municipal prosecutor's office. The ordinance prohibits the ethics review from making a final decision on the -- on a complaint. >> Pool: All right. But they can -- they can take this report from you all, and then hold a hearing or have some informational session on why these late fees weren't paid. >> The late fees are automatic in terms of, yes, the ethics review commission could consider taking action. There's only -- there are only two that have not paid late fees at this point. >> Pool: Uh-huh. >> And one of those has communicated with the city clerk's office. The other, there has been no communication, although a registered green card in terms of receipt of the registered mail notification has come back to the city clerk's office. >> Pool: Hmm. Okay. >> Tovo: So in instances -- I'm sorry. In instances where individual lobbyists did not report the amount of compensation received from clients, what kind of communication is the clerk's office or other offices having with them about getting that

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information in? >> I -- the 14 attorney lobbyists who did not report client compensation have taken the position that that is confidential, that because they are attorneys, they are relying on the disciplinary rules. And I will be providing a confidential memo to the mayor and council to further address how we can handle that issue. >> Tovo: Other questions? All right. Well, thank you both for being here. >> Thank you. >> Tovo: There's no action on that item, so that concludes it. And that brings us to item 6, which is the audit of the capital delivery process, looking at coordination and delivery of the capital projects by the city. But first I'm going to recognize our city auditor. >> Thank you. I just wanted to let y'all know that at the end of this week, Walt persons, who is in front of us, will be retiring, and given his upcoming retirement, I wanted to take a minute to recognize his contributions to our office and to the city as a whole. And I'm surprising him with this, so he might look a little turned. Walt joined our office in 2011. He's been an audit manager, or as an audit manager, he's since managed 36 projects, primarily audits, some special requests and follow-up projects as well, but among those audits he's managed some that stand out are time sensitive work we did on the Austin energy rate proposal in 2012, a review of the construction costs for water and treatment plant 4, three audits at ems, looking at then inventory, billing, and generally just outcomes or achievement of outcomes. Audits of parkland dedication, animal services, and most recently our street code repair work. So Walt or waltus orius, as he's known to our office, is known

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for his calm demeanor, detailed review, elaborate project management spreadsheets, his fancy coffee, his lamp, he has a lamp in his office that was once banned but is now allowed back in, and also his management of our office's finances. His contributions both to the office and to the city have been numerous and significant, and so I wanted to take a minute to let him know that he will be sincerely missed by all of us at our office. So then having appropriately embarrassed him, he's here today to present the last audit that he's managed, our capital project delivery process all the, and he was the manager in this. Also, Mary, who is not rereading, was recently promoted to a supervising senior and was also on this project. >> Tovo: Thank you very much. Walt, I was also stunned when I heard the news this morning and wish you the very best. You've been a tremendous resource to the city of Austin. Having had the opportunity to work with you for the time I've been on council, I want to say your work has helped shaped only of our decisions here at the city, so thank you. >> Thank you very much. Thank you. >> Mayor Adler: I would join in that, too. I mean, this department is some -- is one that the council just relies on so much and is really one of the shining stars for us in terms of resources. You've been big part of that. So, Walt, thank you. >> Thank you, mayor. Thank you very much. Before I introduce this audit, I'll just say, just for a moment, it has been such a great pleasure working for Cory. She has taught me a lot, and I've worked with a lot of different audit directors over the years, and I've never seen anyone quite as enthusiastic about auditing and knowledgeable, and she's -- and so I've really appreciated working for her and also for this audit and finance committee and the ones prior to this, so thank you very much. Now, on to business, we've got it so the capital projects

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delivery audit, and what we endeavor to do with this audit is determine how well the city is managing capital projects, determine if we're ensuring that capital projects are built in an efficient and effective manner, and are we doing what we can as a city to ensure that these projects are built with quality. And Mary conducted this audit and did a very thorough job, and she's here to report the results. >> Good morning, committee members. As Walt mentioned, for this audit, we were looking at the capital project delivery process, and because capital project delivery is a key function of public works, a lot of our focus was on that department, and specifically on three divisions. We looked at the project management division which manages capital projects for they're entire life cycle, the quality management division, which reviews in order to reduce problems during construction. We also looked at the construction services division, which inspects contractor activities while construction is going on. We also looked a little bit at the top capital contracting office. The main activity is to oversee procurement for capital projects, as well as to administer the resulting accounts yeah. However, we do two additional activities which were of interest to our audit. The capital contracting office helps oversee the change order process and they have final approval over change orders, and they also conduct vendor evaluation for vendors that work on our capital projects. So we have three findings for you today. The first of our three findings is that public works did not consistently follow processes designed to contain costs and to ensure the quality of capital projects. We identified four separate processes that were not consistently

followed, which increases the risk of something going wrong. For example, major design flaws being overlooked or an employee committing the city to unnecessary work. Over the next few slides, I'll go over each of these four processes and how they

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might affect project cost and quality. So the first part of finding one addresses the quality management process. The quality management process is designed to find and complete areas of designs, in order to find those issues before the designs are submitted to bid. The goal is to reduce unexpected project cost increases during construction by making sure the designs are as complete and accurate as possible. We found that many projects did not go through the complete quality management process, as noted in the graph on the screen. For example, you can see that 80% of projects didn't -- did not go through review at the 30% milestone phase of their design. The lack of early reviews was especially concerning to us, as it is easier for the quality reviewers to catch and address basic errors. If they see the designs earlier on in their process. We also noted that the quality management division did not have a record of some projects which meant these designs were not reviewed at all. Part of the reason why the quality process has not been followed is that it is seen as a, so of project delays. Stakeholders repeatedly expressed frustration with the length of the process. We heard and saw evidence that frustration with the perceived delays has caused some individuals to bypass or modify the process in the past. One project manager told us that if the project was undergoing delays associated with quality review, that project manager contact city executives for assistance in by passing the process. Again, our primary concern here is that if projects do not receive an adequate review, the city could be responsible for higher costs if, during construction, if design issues are identified at that point. This is an example of what can occur when designs are not fully vetted before the designs are submitted for bid. So this above document is a communication between the contractor and the design team, which includes city staff. The contractor is stating that the project's designs did not include a power supply for smoke curtains which are a public safety feature. Creating the power supply and setting up the electrical work was required for the power supply and smoke curtains, was therefore not in the original contract and will cost additional funds to do. The city design team at the

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bottom agrees the designs did not include the required power supply and they recommend the city pays for the new work. And, again, this would be work that is above and beyond the cost in the original contract that the city agreed to. So the second element of finding 4 is the change order process. Change orders are essentially contract amendments. They can happen for a variety of reasons, including

quantity changes, scope changes, and sometimes unforeseen events like a flood which might add delays to the contract, or extra days. Because change orders alter the contract and therefore could substantially increase project costs, policies require change orders to be formally approved by multiple parties before the work is done, in the vast majority of the time. This is because if the city asks the contractor to do something, even verbally, the city is obligated to pay for the work. On each project that we reviewed, we saw at least one instance of work being completed prior to a change order being approved. Here, we include an excerpt of a change order in the amount of \$66,000 -- \$66,500. As you can see, the work has already been completed as the change order states, is for a mutually agreed upon lump sum for completed to date work on the original wall. Multiple project managers that we spoke with stated that they instruct the contractors to proceed with work prior to a change order being approved because waiting for a change order would take too long and delay the project, which they associate with project cost, increased project cost. In addition, project managers stated that they might not be agreeing to the lowest or fairest price when they order work without an approved change order. However, project managers argue getting to the lowest price would create delays and end up costing the city more than if the project manager just accepts the higher price in the first place. The above document is an example of this practice. In the yellow highlight, it indicates that the city of Austin does not believe that the pricing for the modifications were provided with fairness, but agreed it's better for the project to move forward and accept the cost, in this case, the amount is for roughly \$82,000. So we did not evaluate whether project managers

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made appropriate decisions in specific work or specific prices. However, by passing the change order prices, they committed the city to the work and that price. It's totally reliant on their judgment and project managers cannot bypass the change order process. The third element of finding one is the cost estimation process. So public works's internal criteria requires that the initial estimate for a project be within 50% of the final cost. We found that in approximately 30% of the projects we reviewed, the final or the current obligated cost in case of projects that were still under construction exceeded that initial estimate by more than 50%, and sometimes considerably more. So this graph shows the four projects with the highest cost discrepancies by percentage in our sample. Management explained that the scope of projects sometimes significantly increases to combine projects that are in nearby vicinity or to increase the value to the public, as the shoal creek project we addressed in this graph. We understand changes may occur over the course of a project. However, our concern that pervasive cost estimation may hurt future capital projects. We attempted to analyze whether the city routinely delivers projects on time but were unable to fully do so. Important dates were often missing from the projects. For the projects that did have sufficient data, we observed that 33% missed the initial estimated delivery date by a year or more. The fourth and final part of finding one is the construction inspection process. The city's construction inspectors are a key safeguard of cost and quality on projects. They're there to make sure the work is done in accordance with the contract and accordance with safety measures. They

submit daily progress reports which have a number of required fields. In our review, we found that of the logs we looked at, 75% had required fields that were left blank. Our concern is if later issues do arise are with arise, if

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the logs are complete, the city has greater difficulty defending claims made by the contractor's performance. So that concludes finding one. Finding two is that the city's process for assessing contractor performance on capital projects discourages constructive feedback and lacks nuance, which may affect the quality of future procurement. The city's information on contract performance when selecting vendors for certain contract types. However, we found almost all contractors received a perfect score, as you can see on the slide. Testimony from project managers indicated that these scores are not necessarily a true reflection of vendor performance, but rather a reflection of the limitations of the evaluation process. Specific problems with the vendor evaluation process include complex forms with limited scoring options. Staff also reported that they were hesitant to punish a prime contractor for poor subcontractor performance but there's no area to document subcontractor issues on the form. We did note that as of July 2017, the capital contracting office has made some improvements to the vendor evaluation process and forms. We've also heard testimony that providing constructive criticism on an evaluation requires additional paperwork on the part of the project manager and triggers push back from vendors and city staff. Finally, we also noted that several important evaluations are missing from the vendor evaluation database. We also found that legal disputes may affect the accuracy of the vendor evaluation process. We observed that the city has entered into legal systems that essentially require positive references for future projects, as demonstrated in this exhibit, in the yellow highlight, it indicates that in the bottom, to the extent possible, the city will issue positive references for future projects. Again, if we're issuing into a legal settlement with a vendor there may have been discussions about the performance. If it reflects the city was dissatisfied with the vendor's work, the dissatisfaction cannot be considered during future procurement processes, it's not contained within the evaluation. Our final finding focuses on coordination and communication between public works and other departments,

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who are known as sponsor departments. For example, on the recent boardwalk project on lady bird lake, the parks department would be considered to be the sponsored department. The overall communication are particularly at the executive level, however, survey of sponsor departments indicate staff are still dissatisfied with the rate and quality, project updates, and the city's project management

system. Project managers are supposed to update key information, such as project schedules, budgets, and progress. So those project managers would be public works staff. This information sponsors departments internal processes including capital plastic. However -- capital planning and budging. However, we found monthly updates were issued approximately 35% of the time. Virtually all stakeholders we talked to described it as a major hindrance. Multiple project managers reported due to frustration, they've developed separate systems to manage their projects and only copy information when necessary. We know that public works does not appear to closely monitor project managers that use it. We've made several recommendations to address issues discussed and management degrees. The full recommendations and management's response can be found on page 17 of the audit report. That concludes our presentation, and we're happy to take any questions you may have. >> Tovo: Thank you very much. Questions, colleagues? I have a couple. Thank you very much. This was really very useful work. I have to flip through because I forgot to bring sticky notes down. On page 6 of the report, it talks about -- it talks about the central library. >> Uh-huh. >> Tovo: And I wanted to you talk about your finding and its relationship to the central library, and then I'll ask our management to respond to those as well. >> Okay. >> Tovo: The assertion in the report is that quality review may have caused some of the items that were

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missing and, thus, reduce the need for change orders later. >> Yes. So within our report you'll notice that we never say a particular change order was not needed or something like that. We don't have the expertise to evaluate whether something like that is needed, so we looked at risk. One of the things that we heard testimony on is that regarding the central library, there were multiple comments from quality review staff that were left unaddressed before the designs went to bid. And that may have led to some of the issues that then came back in change orders. We did observe, when we looked through the central library's documentation -- for example, some of the exhibits are include in the report. We noticed numerous instances in which the change request was due to issues that were not contained in the designs. So our conclusion was that if the designs had been subjected to a full quality review, the risk that these issues would have come up in construction, would have been substantially lower. >> Tovo: Thank you, and I think the example that you gave of the outlets for the firewall -- >> That's now current. >> Tovo: -- Was from the central library. So I want to be sure I understand what you're saying. Some of these issues were noted by the quality -- by the quality staffers, but not addressed before design? >> Uh-huh. So we didn't go through and connect the exact issues that came up in change estimates to the quality review because we -- there are thousands of pages of change estimates in the central library's files. But we were told that there were several comments, many comments that weren't addressed. And so -- that the designs didn't receive a full review. >> Tovo: Thank you. Do you have -- were you able to assess whether or not those -- whether the process was more costly to go back and change, versus doing it -- >> Uh-huh. >> Tovo: -- Doing it from the beginning? >> So that's something that I don't believe we have the expertise to address regarding the specific pricing and whether pricing

was fair here or if we delayed a year or three months, how that would affect the project. That may be something where a different source could contribute to that.

[10:29:11 AM]

>> Tovo: Thank you. I have a couple I have a couple more questions. Anybody else want to jump? >>

Pool: To follow up on the central library and the document, it says the designs were insufficient.

[Inaudible] Or just giving up? >> I think that is a question management could speak to. >> Tovo: I want to talk -- just get a little more information about the construction inspector. And if that is -- begins on page 12. What particularly caught my eye is the reference to the recreation center because I remember the day Mr. Overton contact my office and a couple other council offices contacted us and asked us to come see the gym and it was clear had pretty structural failures and was very -- I was extremely shock to hear the students in that elementary school hadn't been able to use their gym for months and were having pe in a portable building. Certainly we want to prevent that kind of situation from ever happening again. Do you have a sense of how -- what -- among other cities, whether its comment is have construction -- if you could talk us through the finding here and recommendations based kind of in the context of what other cities do as well. >> Sure. So we didn't do a full city comparison, however, in our sort of background research it seemed clear that having an inspector on site is considered best practice. Our concern is that we initially in our review which we confirmed with public works is we found about 22% of

[10:31:12 AM]

projects that didn't have a construction inspector assigned. And by construction inspector we mean somebody from the city's construction services division. With the exception of small neighborhood projects, they are inspected by alternate sources which could be in this case of sidewalks people from street and bridge, in some cases landscape services, pard would be inspecting in some cases a third-party inspector, perhaps an architect. We weren't able to go through and do our quality assurance on those statements so -- but public works does assert they are being inspected to some degree. What we speak to on our presentation is our concern really is with the logs. They are observing what work is doing and what the weather is like, which can play a role when you are looking at concrete pours. If they don't document that information and an issue arises, perhaps with the concrete as with turner and Roberts, we don't have a record which may make it more difficult to pursue a claim against the contractor. >> Tovo: So you were note able to -- your finding is really about whether or not there was a designated construction inspection. >> Yes. And our criteria for that finding was after turner-roberts the events of turner-roberts occurred, public works had mandated that there would be a construction

inspector from the construction services division assigned to every project. >> Tovo: Thank you. Thank you very much. I invite management to come up and your response to our questions.

[10:33:14 AM]

Welcome. >> Good morning, committee members. Richard Mendoza, director of public works. And I'm joined by Mr. Jorge -- public works delivery and Rolando Hernandez is in attendance. I want to thank him for his assistance addressing some of the recommendations on the audit. But first I wanted to also express -- I want to thank for saving the best for last. Walt and his team have been very good to work with interacting with our staff and we appreciate the opportunity and especially this is very good to ensure that going forward our capital services group is -- in the best posture for the upcoming challenges. Go through the recommendations, but I do recognize the delivery staff, technical staff city of Austin. You all have a very dedicated group of individuals delivering a pretty challenging and [inaudible] Capital program for the city and I don't say that lightly. I've worked with large cities, as you know, Atlanta and San Antonio, and the eight months I've been working with this group I recognize that they are very dedicated public servants, really want to do a good job, understand that there is more responsibility on their shoulders and Austin is a rapidly growing city. We don't take that responsibility lightly and I do take a moment just to recognize that group. You know, we understand as any

[10:35:16 AM]

large organization we've got room for improvement, but are we totally broken? I would say not. Just by evidence by the successful delivery and execution of capital projects over the last -- before I arrived. So with that said, on findings and recommendations, you will find that in my response I included a partially agree. This is around the quality management division reviews of projects. I do agree that we have opportunity here to optimize the quality review process. I do take somewhat of a disagreement on the library as a good example of the application of our current qmd business model. The library was very complex and unique project in nature. It was an alternative delivery construction manager at risk project. In my eight months here, I recognize that our current qmd or quality management review process is not really conducive to these types of challenging and complex and unique projects. I feel that moving forward we've got an excellent opportunity to move forward on some of these recommendations, but really our restructure and reengineer our team meaning quality management and qa should not rest in division of a large organization such as [inaudible] For Austin. What that does is creates this log jam for the flow of projects. Quality is a lot like safety, in my experience. It's something that should be shared across the organization, across all the

[10:37:16 AM]

folks within the capital delivery process that are involved with delivering projects. Total quality management approach, if you will. And right now our department working with the city manager's performance management office are conducting a lien review of our capital delivery of which qmd in that process and function within our department is going to be restructured along these lines without sacrificing any quality, but also making sure that these projects are not log jammed within this process. That was a unique project itself. In January 2016 the department did make an edict that required all projects to be conducted -- have the 90% at least design review conducted by qmd, and I believe all of them since that time were with the exception of perhaps three projects, and those were stated before as some of the smaller projects, a parks project and a sidewalk project. So with that recommendation, I do believe that we have the opportunity moving forward to take a recommended risk base approach and optimize and restructure our qaqc process to make sure quality is looked at all stages at all stages of capital delivery. On recommendation 2 our office agrees and we are working with Rolando and his team with cco. We need a risk based approach, especially for unforeseen conditions on change orders that occur in the field such as utility adjustments to keep projects moving. There are many occurrences when we get out and we do

[10:39:19 AM]

excavation you don't know if there's a telecom or Google in the road and in order to keep projects progressing in a good manner, our current task order is not really addressing these field changes that need to be made rapidly. We are working on that process, on the forms as well as training with our staff. Recommendation number 3 -- I'm sorry. >> I wanted to add on item number 2, the process as we practice doesn't quite align with [inaudible] And that's one of the findings that identify. Streamline the ability to the contractor and we want to make sure the management team make that direction. [Lapse in audio] Once we give direction, the contract is executed that change. >> Thank you. Recommendation number 3 on the project cost estimate and work with stakeholders to develop a more accurate process, public works agreed with that recommendation. In fact, we've already begun with improved training for our project team on more accurate cost estimating. We reinstated a program called public works project academy

[10:41:21 AM]

to develop accurate cost estimates. We want to make one statement. Cost estimates, our input at a time when there is very limited data and the scope of proposed project and those are very odd cost estimations. As we move forward in the per stage and the initial state of design those cost estimates are further refined and narrowed. And that may or may not have always been updated with the data from Capri as I understand, but we're moving forward education and training of our -- to ensure that that tool is updated to reflect the most updated and accurate cost estimation data. And I also appreciate the audit for recognizing many times along the evolution and the execution of a project, scope may change, we may discover opportunities where if we're already in this area we discover an additional capital need be it on the water or storm water side for drainage and it just makes good business sense to take advantage and leverage the work that's already been done there to get that work done at the same time for substantial savings to the city. On recommendation number 4 department agrees. The documentation requirements for construction inspectors to ensure our inspectors are assigned on every project managed by public works, stated there are some other projects that are affected by our stream and bridge, namely the [inaudible] Program and then some smaller projects are

[10:43:22 AM]

wholly managed between sponsor departments, but every project constructed by the city should have construction inspectors. That's the only way we hold our contractors accountable for doing quality work according to specifications and minimum quality standards. I'm happy to report our csd manager, Trish watek has made improvements in this area since this report has come out. She has developed a paperless and online daily reporting system with clearly defined fields that our construction inspectors have been trained to -- to be aware that those are required fields of data to be inputted at the end of their work shifts. So that should close the gap, if you will, on some of the incomplete reporting that was discovered during the audit and I do want to thank the team for pointing that out to us. It's more reliable, more timely and it maintains the data we need to ensure that those inspections are occurring on a daily basis on those projects. So thank you to her for instituting that improvement. On recommendation number 5 we agree. We're working with Rolando and his team and the law department. In fact, the feedback on contractor performance, they have already introduced and moved forward with an enhanced version of that working also with the construction advisory committee, the cac, we presented that to this committee, received their feedback. They actually participated in the enhanced contractor performance evaluation tool and we're happy to report that that's already moving forward and progress -- >> If I may,. >> Yes, please. >> Rolando Fernandez.

[10:45:26 AM]

I just want to be clear and transparent about the response there. As Richard mentioned we implemented a process and were working on that before the audit began and we were clear on that regarding the improvements we were working on. We heard a the look of feedback from project managers, seeing the results of evaluations and heard feedback from customers -- excuse me, consultants and contractors regarding that process. Our evaluation process when it's completed the contractors, consultants receive a copy of that and they are able to rebuttal that evaluation. So it's important for us that we have number one completed evaluations, completed thoroughly with backup. We recognize they were really cumbersome so we did a best practice review. We engaged a committee of stakeholders internally including the construction advisory committee. We also incorporated session with the contractors and consultants. And the reason why we didn't take into consideration some of the team Mary and her team provided is because we had already implemented our new revisions. They were well received from the Earth -- contractors. We've seen an increase in the responses that we've gotten with a the look of information regarding those evaluation so I think the process we have is working based on all the feedback and the approach we took to enhance the effort. The one area that you see on that recommendation was to include evaluation of subcontractors or subconsultants. There we do have a concern. We don't have a contract with subcontractors or subconsultants, the main contract between the city and the prime provides all the requirements that are there and provides the area of responsibility the contractor will have to performing that contract. We don't have a contract with the subs and so there's no way to measure in terms of what would be evaluated on. And also if we do, you know,

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what would be the purpose. We don't really take into consideration subcontractors' performance when we look at ifb procurement, our low bid process, or professional services solicitation evaluation criteria. So we recognize that that's some feedback that we received from the you had a tosser, but our -- auditors, but our contracting tool is primarily between the city and the contractor. The obligation there is for the contractor to be responsive and accountable for all the scopes of work [inaudible] Sub or subconsultant. >> Tovo: I'll just ask a quick question about that. I assume if a subcontractor performed quite poorly on a particular project that comment on that and evaluation. >> Absolutely. The contractor provide information [lapse in audio]. Internally have a process within small minority resources department where if we have concerns with the subconsultant the contractor that's seen as prime, the project manager can eliminate that department and remove the contractor from the project -- on above of the prime. If there is a problem within the -- within the existing contract to allow removal if somebody isn't performing as expected within the contract. >> Tovo: Do you think that description of how they are going to -- >> We had a conversation with and public works about this. We adjusted that language to

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say -- to happen in the current. The concern there was for many people that, as Mary said they don't -- make sure there's an opportunity to document that. Knowing that we don't have -- with the subcontractors. So I think that that -- if they can document that performance it addresses our concern. >> Tovo: Great. Okay. So if you could you can take us through the last in your response, please. >> So the final recommendation is regarding our project management tool and we agree with public works that we need to improve -- to our existing tools. But before we do that, the opportunity to -- our lien review process and that way we can specifically identify where the best value for investment on additional software and I.T. Systems to support our project manager. It is a very robust financial system. I received an overview from our finance department on its capabilities. Our project managers team right now is going and updating our project manual which contains the rules, if you will, and the outline of how it is to be used on every project. It's pretty old, it needs some updates to reflect our current state and current condition and we'll be moving forward to make sure we incorporate updated project manual. We will be completing in con construction working with the office of performance management of that lien review. My expectation is we will have some specific improvements and

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adjustments, if you will, to include identify what parts of our management information systems we -- within the next six months as a response. And so that concludes my response. >> Tovo: Thank you. Questions? So it's come up probably a half dozen times, but I'm not sure I understand what a lien review is. >> So a lien review basically is an exercise in eliminating waste. There's many parts of it. If we flow charted all the steps that it took from project inception to final construction and acceptance, it would be a chart that fills the walls around this room. And we have been operating in that mode for many years. So as any business process, complex business process such as the city of Austin's capital delivery program which as of the last report it's \$1 billion in spend absent Austin energy, it's about 800 million, those need to be reviewed and updated periodically. So we feel, and especially now it's especially important with the potential anticipated growth and the continued capital investment the city is going to be making that we need to revisit the way we do business to ensure two primary things. You know, in terms of plans, make sure that we're doing the right things, and then second, how does doing it right look like versus this is the way we've always done things, do we need to do things a little differently. And finally make sure we have the right people to go the right things and the right business model. So the lean review is the initial part of that journey,

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if you will, and right now we're completing mapping our current condition, the as is condition. This is the way we do things. It's the way we were doing things eight, nine years ago, maybe it worked well then but does it work so well now. We've got a very energetic and aggressive team across departments to include Rolando's team doing that work now. >> Tovo: I don't mean to cut you off, but we have one more agenda item and we want to make sure we can get our questions answered and move forward a little more rapidly. I'm not clear -- I'm still not clear what a lean review is. You are going to conduct a lean review on various elements of your business practice. Is it just a quicker review rather than a comprehensive one or what is characteristic of a lean review? >> Yes, ma'am, it started from a high level. We conducted what we call a value stream map of the processes to deliver projects and incorporated data, and what we have discovered at this high level is that certain phases of delivering projects are taking what appears to be a lengthy period of time. And that's -- that's the first part of the lean review. Then we'll start to peel the onion back on that part of the delivery process, if you will. And it may be a little early to share this, but I'll share it, it's in the design phase. Right now the city has taken upwards of almost two careers to complete design of projects that come out of planning before they go to construction. And so it's part of the lean six sigma certification process for continuous process improvement. >> Tovo: Maybe we can talk about it -- >> Other experts behind me. >> Tovo: Thank you. I just want to note that you also in addition to the more detailed response, you also do have a letter where you've reiterated your opinion

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that -- that the major project referenced in the audit probably wouldn't, in your opinion, wouldn't have -
- let me make sure I get your language right. That the quality assurance reviews in your opinion would not have altered the outcome of one of the large projects due to complexity and instruction management at risk. >> Yes, ma'am. >> Tovo: Thank you. Other comments, questions. Councilmember pool. >> Pool: The lean review, is that where you look to see if you have functional redundancy that -- would that be an example? >> Yes. >> Pool: But you would not be removing any necessary redundancy. Sometimes we engineer them in to make sure for quality standard reason that we are actually doing what we're supposed to be doing. >> We definitely do a value check on those. If they are adding value, good. Are they still in the right place, done by the right people, do they add zero value. Then we look at it from a risk base perspective. >> Pool: Thanks. >> Of not doing that anymore. >> Pool: I also notice our colleague, councilmember alter, joined us. >> Tovo: I think she joined for our next item. Any other questions or comments on this item? A motion to accept the audit, please? Mayor moves approval -- or acceptance of the audit. Councilmember pool seconds it. All in favor in that's unanimous on the dais. Thank you so very much. Thank you to our auditors for the good work and analysis on that issue and thanks to the management for your planned to resolve those issues. So that brings us to our last agenda

item, number 4, the proposed draft audit plan. >> I have a very brief presentation. So that we have time to discuss this. What you have here and we posted the plan as part of the

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backup for the full discussion draft of the proposed audit plan. So city code requires basically that the annual audit plan be brought by me to the audit and finance committee for recommendation to the full council. That's what I'm here today to do. I won't make you read the city code there. The plan accounts for two things. First our carryover audits, and then also new proposed projects. So on the -- the new projects on the back are the carryover. Quite a list, although at least two of these and possibly -- we expect to bring in October or November so you'll see them soon. Some of the others are homeless assistance work. We're actually trying to do that in phases. We probably will bring part of it soon and then in phases but a large project. The audits for next fiscal year -- we have basically tried to look at the priorities adopted in the strategic plan and make sure we have these various areas. Since the last draft of this was provided, one where it's contracts. There we had looking specifically at [inaudible] And I brought in that to make sure we're pulling out -- process in the city. So the next steps, a draft today to you all and to the

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full council there is an item on the October 12 agenda for the full -- and/or an amendment. With that, one other thing on the carryover project is that we don't have -- I believe I communicated this previously, but we don't have an audit on the fire department overtime, and that was something that we initially provided an update on, but we did not propose -- so I'm looking for feedback. I think we would get -- probably some recommendations for improvement, but I think that the issues have been identified in the work we've done to date with the controls surround surrounding basically. >> Tovo: Does that conclude your presentation? >> Yes, that concludes my presentation. >> Tovo: Questions, colleagues? Councilmember alter. >> Alter: Thank you. So I really appreciate the work that the audit office does. There's several things that were on the possibilities of the list that was handed out in August that are of interest to me and I wanted to -- I'm not exactly sure of the process at this point of edit ING this so I wanted to first of all share the concerns I have with my colleagues and with you for items that might be included. So in the August version there was an item for traffic enforcement, and it was looking at our traffic laws being enforced from a safety -- I think this is really important. We have our municipal court that we are funding out of general revenue because we are not enforcing our traffic laws

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and we have people all over the city who are complaining about speeds and people running stop signs and going through their communities in different ways, and there's a complex list of things that are going on. So we don't enforce traffic because we don't have enough police officers to enforce the traffic laws, but then we don't have enough funding for our municipal court so we spend millions of dollars funding municipal court because we're not taking in these fees and that's money we can't spend on police officers. And it seems to me that an audit of that area might allow us to find both fiscal savings, fund more police officers and find ways to fund our municipal court. Obviously we need to do this carefully because our police are not meant to be revenue generators, but the demand for them to be enforcing the law that's not happening is also a fiscal impact. I feel pretty strongly that there are some real opportunities there to find ways to improve our processes. A couple of the other ones that interest me, obviously I'm concerned about overtime. We haven't had an audit of overtime practices across the city in quite some time. We've seen this as an issue in fire, but there are other departments where this is potentially an issue. It has fiscal impacts, but it also has impacts on our staff and how they are working throughout -- throughout the city government, and so I would like to see something on that. Another one that we just went through a budget process -- any budget process we've had in recent memory -- improvements to the process and the insight the office is able to provide to best

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practices and things could be extremely useful. And I think all of these were in some form or another potential audit list was shared in August so I'm not bringing them out of the blue. They were on the radar. Vacancy -- maybe looking at the top including libraries and how we're managing those vacancies and that -- just that process from a H.R. Standpoint. Governance in general was on that list. And finally public safety is -- our budget, I was surprised to see so little on here about looking into these for public safety so very much on the minds of many community members and what is the most appropriate way to get into public safety. Questions -- obviously you have some -- the size of that to our budget. It seems strange to me that it was really in one there. And I'm sorry if this is not the appropriate forum to be the place I was supposed to come to share these concerns at this point so I was trying to follow that -- that process. >> Certainly. A couple of those I would like to speak to, but just in general in terms of the process and how -- this list of really eight projects, we have two things. We have ongoing followup we do every year and then we have the lobbyist registration compliance which is a requirement in city code, but really we have eight large projects that we put on the

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list. Certainly at this point -- and we come to that list by talking to each council office and trying to understand what the priorities might be. Certainly there's over 50 projects on the you didn't make it list but we might consider auditing this so there's definitely a look list. At this point when we need to do, for example traffic enforcement, we would need to identify a project on the current list that we don't want to do in order to sub out for the project. And the volume of carryover I would say is in part due to some midyear changes that we made to the plan and talked about that at the time. So this year I think we have more carryover than we would typically have, although I say that. Things come up throughout the year, that's the way the process is designed. On the carryover list, there's really only one project that's early enough that we could swap it out with something and that's the downpayment assistance work. Beyond that the -- it would be the eight projects on the front sheet that we would need to identify kind of what to take off in order to put new projects on. I will say a couple -- actually I guess it's just in terms of the public safety, I think what we were looking at there, we have one project in the police department but we really are trying to get coverage across the whole city. It's a bit of a balancing act to try to get different topics on the plan that are of interest to the council. In terms of overtime, and one more thing on that. We do have an on call utilization. On call is not overtime, but on call and call back pay is kind of related to our work practices or our time keeping and use of employee time. And we will be wrapping that work up shortly and providing

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those results so it's not directly related to overtime, but it does touch on some risks in that area that I think the risks are maybe broader than just two -- to on call pay but overall practices. >> Tovo: Councilmember pool. >> Pool: I was going to say so then the process would be if councilmember alter wanted to add something, then she would ask which items shouldn't be done and then it would be the council I guess on Thursday making updates to this list. >> Tovo: Though our committee is tasked with making a recommendation. >> So we could make adjustments to the plan that goes from audit committee to council and we can make adjustments once it's at the full council. We still have some opportunities to make those changes. >> Pool: And would any of these work as 200 hour special projects? >> Tovo: The one councilmember alter has suggested? >> The only one that might -- that jumped out at me would be the budget process, if we were just interested in best practices and how this happens in other cities, that one I think could fall into the special request framework, but you wouldn't get recommendations for how to change the process, but you could get input on how other cities are conducting their budget process, other similar entities. >> Tovo: Thank you. I have a couple questions. Mayor, did you have some questions? I have a couple questions about some of the topics that are on the new audits and these all look -- these all look like very appropriate ones so I would really have to struggle to think about when one I would want to delay to make room for some of the other projects,

councilmember alter, although I really appreciate your listing them out for us. With regard to number 1, the

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affordable housing tenant selection, there has been some good conversation I think going on in the community, but also -- for a while in the community, but also there was a recent editorial in the statesman that I think highlighted this issue as well of how we are making decisions about -- about who gets to -- who meets qualifications for affordable units. Is it a single person who meets the requirement or a family and if we're really serious about trying to find more opportunities for those larger household units, families with kids or families with seniors living with them, you know, how do we pre or ties that. I want to know if the scope of your audit is going to consider not just whether or not developers of affordable units are selecting qualified tenants in an equitable manner, but the extent to which they are able to or allowed under law and are able to prioritize in line with our city goals of housing, you know, providing housing for different household types. Is that also part of your scope? >> I think it definitely can be and we can expand the preliminary objective to capture that. >> Tovo: I'm not sure if I articulated it well but maybe I will be able to in weeks ahead. Number 3, the police response to people with special needs. Can you tell me how special needs will be defined? >> That's something we talked about that and I think we wanted to be -- we wanted to leave that language a little bit brought so that we could take a look at what the policies and practices are at APD in order to kind of refine that. But I would say -- we initiated as people with disabilities and we weren't sure that was the right language. So we wanted to kind of refine that. >> Tovo: Will mental health be part of your consideration? >> That's one of the reasons we expanded that. >> Tovo: I think that's really appropriate as I think

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about, you know, when I've heard from community members, it is around issues of mental health as well so thank you. I think that answers the questions -- well, with regard to number 5, I think that's particularly timely and appropriate given the conversations we've been having about hotel-motel tax use and I think that will be part of your analysis the extent to which the grants are meeting our state requirements even if that piece has to be handled in an executive session. Mayor -- councilmember. >> Pool: Real quick on item 6 on the first page, city contracts, you mention social service contracts specifically and those are contracts the city has with entities outside of the city, radio it? >> Right -- right? >> Pool: Will it be more expansive than the social service contracts? >> Well, you know, so we -- contracts are frequently on our radar, issues come up either through the fraud hotline that we run or directly from departments or as we're doing other work. And so what we did here, I did mention social

service contracts because that's what we had explicitly said in previous drafts, but I think we have some contracts that don't really fit social service contracts that we might should look at the process really on the city side of certainly we need to look at are the funds being used appropriately and in achievement of the outcomes agreed to in the contract, but we also want to look at did the city develop a contract that has appropriate [inaudible] In it and is the city monitoring to make sure we are getting those outcomes. [Lapse in audio] Real need to look at social services.

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Without pulling other types of contracts. >> Pool: There are a couple of contracts I would like you to make sure and we can talk about that later. >> Tovo: Mayor Adler. >> Mayor Adler: That we would recommend council to apply in prioritizing or for us to have because of the impact to the system it would have, the time we spend doing a better way to do our budget would be real important. A large part of what we do. And I wonder if -- if we had -- if we can agree on what kind of the -- would be in terms of whether the audit spend limited amount of time we would have something to measure against proposals in terms of what is the limited supply of auditor time. That that might be a good -- how do you choose which one you do. If we had some kind of objective, priority, that impact or total amount of money in the budget or greatest impact on the greatest number of people or -- and maybe there's criteria that also weighs the amount of time this would take sounds good to do. If we had a criteria like that it might be helpful. >> Tovo: I would just add, I know the auditor and her staff have criteria that they use to

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select, it occurs we haven't had a discussion in some time and so maybe we could schedule for our next meeting or an appropriate next meeting some -- about the criteria that you do use. You've hit on some of the -- here today cross cutting nature of it trying to get various departments followups. Maybe we could schedule that topic for another meeting. >> Mayor Adler: In fact, if we were going to be considering the criteria at the 12th meeting, maybe it would begin to begin that presentation with here's the filter we use to decide -- so we could touch that. And I think it would also be helpful if the list of ideas that you have was somehow on the bulletin board or some part of so council coming up to that meeting on the 12th could hear some of the ideas that were also suggested as being important might not be on the list that's being presented. >> Tovo: Are you suggesting the auditor make available the criteria? Before it goes to council? >> Mayor Adler: I think so, so the conversation on the 12th could relate back to -- in terms of the conversation. >> Tovo: Thanks. I just wanted to clarify. Councilmember pool. >> Pool: I just point out that by the nature of -- these projects are kind of lagged in time because

the -- you know, we decide at a point in time we're going to do them and then time passes and they are done and other issues can show up as a result of audits. And meanwhile, the entire flow of our work here, pace and things that pop up as a concern later weren't identified until later. So they wouldn't be on the list and so I think it would be really helpful for the entire council to understand what the criteria are, which I know when you come and talk to us individually, you go

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through, you know, where you've been, what you've got and where you are going so we understand what the context is, and we need to have a general agreement, which we already have I think done this a couple of times, couple of years we've approved the list, there is room for things to be added. A few months ago we made some room to add in more of the homelessness pieces or the affordability pieces and we took some projects off. So I think we need to be reminded what those were because we are kind of bumping on priorities. And I like how you have tied them into the various priority areas from our strategic planning efforts that are still ongoing, which is what I think that middle column is, right? Are those the strategic -- >> Yes. Yes. >> Pool: And then remind everybody when you do come talk to us about the 200 hours, special requests that I think each office has a maximum of two per year? >> We don't set a maximum, but we do have to assess like we received a request this summer that we had to turn down because of just the volume of time sensitive work that was happening at that time. So I think certainly we require sponsor and co-sponsor for those, but we don't really have a set -- we can only do something and we assess that kind of realtime. >> Pool: It really depends where you have staff resources in order to conduct it. >> And we have capacity for about five or six of those each year. Depending on the timing really month so than the hours. >> Pool: And then I just say again which I've said a couple of times, this council is significantly larger than previous councils, about 50% larger, and we are very activists and we are definitely moving the needle. And so there are a lot of things that we want to accomplish in the short amount of time we're given to be on

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the council. So our staff, you know, has to also prioritize among our priorities and I know it's hard to find a list and agree to it without coming back and changing it again. So I think having the presentation in a larger context with everybody sitting around the dais hearing what the criteria are in the public too would be really helpful. At this point I'm not sure I'm willing to give up any of the items that I've already agreed I think twice to move forward on and I would also want to know what you've already done to get ready for this because -- right? And we are going to move some of these off and put some other things, kind of planning and preparation do you need. I think it would be helpful for us to know. >> Tovo: I

believe councilmember alter wants to suggest a change for us. Mayor, I see your light on as well. One of our work sessions next week as a council addressing how we are going to do things differently and isolate some ideas for improvement while it's all still fresh. I think we've had those in other discussions about our own council practices. We have certain ways we want to do things and while it's to start by talking to council about what we think worked, what we might want to change for next year. So I just wanted to mention that was -- we have our work session. Councilmember alter, did you

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want to say a change to bring forward? >> Alter: The process is a little bit -- it's not to say not worthy of being looked into, looking at this now, I would suggest taking out the lob use compliance largely because it's too early in that process for the audit to -- as much detail as we would like. We only just started doing our sign-ins and other stuff that is part of that and I think in June so I think that could be delayed. Just pick one of the ones that I mentioned because it seems to be refined would be the traffic enforcement, particularly that connected up with the municipal court funding and trying to really -- puzzle of are we enforcing the traffic and understand that, but then also those connections into our general fund and to our municipal court, which is having trouble because it doesn't have the revenue and I don't know about the rest of you, but I constantly am hearing from constituents who want to have truck enforcement without a meeting, literally begged to have traffic enforcement from our district commander. And so I think we really need to understand why this is not happening and what we can do to make it happen, but there are real fiscal impacts that come with that as well as the safety impacts. So I propose putting traffic enforcement in there instead of lobbyist registration and

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compliance, recognizing that lobbyists registration compliance is a topic but I think we're too early into the process. >> Tovo: Ought to, would you like to -- auditor, would you like to respond? Would it be primarily the auditor looking at the compliance or the legal department or was this a full audit? If you could provide us with information about the traffic enforcement audit, it's not clear to me how our audit staff would be able to return to us information about the extent to which traffic enforcement is occurring. I'm not -- I'm not saying you can't, I don't know, are you going to be out in the neighborhoods looking or interviewing. It would help me to know how that kind of audit would be conducted. >> I would say the lobbyist registration compliance we are not picturing that to be a full scale or maybe -- it's a smaller project. It's really the only -- besides the ongoing followup, those are the two kinds of small projects and that was because two things. The provisions since we didn't start reporting until June, we don't anticipate -- we may do specified in code can be carried out as audit. The city requires we do some

verification of the reporting. Basically audit, to make sure the reporting requirements are being followed. We would probably also look somewhat at the work the clerk and the law department had done to implement that. But given when they take place, I was envisioning sometime mid-fiscal year doing that work rather than, you know, starting right off the bat. So it is a smaller project. I would say I think that a project in part because of one of the things we also try to

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balance is how much we're in a department, and right now we are pretty extensively and with this proposal even more so conducting audits at neighborhood housing, and so I would say if I were going to swap out a project, I would propose also another one to consider would be the home repair programs there. Now, it's cross functional so there are three different city apartments that have some role there, but I think given the volume of work between our carryover and new projects in neighborhood housing, that might be one that we could delay until a later time. In terms of traffic enforcement and what that might look like, I think that we would, you know, if they don't specifically the methodology that we would use for that, but I would envision looking at deployment, how they deploy the staff, the officers that do traffic enforcement, how they make those decisions, and we might also do observation and that kind of thing or data that they've collected on safety, on unsafe intersections or unsafe stretches and see how those two things match up. On the municipal court side, I think we would do more of the data analysis of citations and of revenue. >> Tovo: Thank you. What about the permitting process? I guess -- let me just speak to -- I appreciate that you are helping us identify which of those we might want to move if we want to make room for traffic enforcement. My concern about removing home repair programs is that almost as long as I've been on council I've had individuals suggest different ways of doing home repair programs and better coordination between Austin energy. Is that one of the three departments? >> It is not actually. >> Tovo: Okay. >> But certainly we would have

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to consider the programs offered through Austin energy that are also on the perimeter. >> Tovo: I would definitely suggest -- in fact I think I have a draft resolution seeking to merge those programs, some community members have advocated we because very often they get out to a house and determine they can't do the weatherization because there are repairs needed to be done first. So better coordination between all of our programs, definitely in our low-to-moderate income residents' best interest and a great leveraging of taxpayer resources. In fact, sounds like maybe I suggest you include it to a look at how those are interconnected. But what about permitting process? >> Permitting process is really kind of more followup work in terms of -- we've made some recommendations and there was the

Zucker report which contained many recommendations related to the permitting process. And so I think we've had at least two audits -- three if you add in the demolition process audit that we did last month or presented last month. But all of those kind of past recommendations we want to look at. We know they've made a lot of improvements, but we want to look at whether or not those improvements have been -- >> Tovo: Okay, so our colleague suggested a change that needed to be brought forward. Here it would need -- we will also on Thursday if there is no amendment, a direct amendment. I'm sorry. Or whenever it's coming, the 12th. Any thoughts? Motions? Motion to move to council or

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recommend -- I make that motion. >> Mayor Adler: If you could maybe send us a note or memo, tell us what the criteria are. I'd like to know what criteria to apply even >> I will say I will definitely send that information, one, definitely around the caveat audit planning as it's art, not science. And so in talking to the 11 council offices as well as city management and other stakeholders, we certainly try to get at the list or try to get at a list that provides coverage for the city, but there's definitely my judgment and my staff's judgment kind of worked into the process. So that's part of the criteria, but we'll definitely send how we get to an audit plan. >> Tovo: This was on our schedule for last month and typically we do have that kind of overlay of information about how you selected and you're selected. Because we abbreviated that, I think we curtailed that opportunity for you to present that. We have a motion from the mayor, but I'm going to need to clarify what it is. Are you recommending the audit plan? >> Mayor Adler: I'm just recommending we take the audit plan, but I would propose that we take back to council before the meeting the list that was contained by councilmember alter, along with the criteria that the auditor uses to satisfy the priorities so that could provide the basis or the beginning of the conversation we have on the 12th. >> Tovo: So the motion is to recommend the audit plan, include the items that councilmember alter suggested as additional or substitutions, and the criteria memo from our auditor. Is there a second? >> Pool: Yes, and. I would also like if you could, along with the criteria, give us a list or send us to where we can find the various audits that have been done over time. Because they also contain really helpful information and give us a sense of what have you looked at over the

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last five years, for example. >> I think I have that organized by department so that might be something that would be helpful by priority area so that you can kind of see what we've hit on. >> Pool: And I'll second the mayor's motion. >> Tovo: Center. Any other discussion? -- Super. Any other discussion? Smalt, any other thoughts? Mayor? All those in favor? That passes unanimously. And we have already

identified something as an area of future discussion and any others I guess get them to the auditor.
Thanks so much. We stand adjourned at 11:33.